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BY THE U.S. GENERAL ACCOUNTING OFFICE
Report To The Chairman
Subcommittee On Oversight
House Committee On Ways And Means

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6 **Using The Exact Match File For Estimates
And Characteristics Of Persons Reporting
And Not Reporting Social Security
Self-Employment Earnings .**

This report contains estimates of the number and characteristics of persons reporting and not reporting self-employment earnings under Social Security. The estimates and characteristics are based primarily on data contained in the Social Security Administration's Exact Match File. This file combines data for individuals and their families from the Current Population Survey, Social Security earnings and benefit records, and certain limited tax data from Federal income tax returns.

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-203949

The Honorable Charles Rangel
Chairman, Subcommittee on Oversight
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

In October 1979, the Subcommittee's Chairman requested that we determine the extent to which individuals may not be paying their Social Security taxes. The Subcommittee was primarily interested in the size of the Social Security underground economy and the characteristics of individuals who didn't pay their Social Security taxes.

To address these issues, we used the Social Security Administration's (SSA's) "Exact Match File," which was developed to learn more about income distribution and redistribution in the United States. The "public use" version, which we used, does not contain any individual identifying information--such as name, address, or social security number--thereby protecting the confidentiality of the persons surveyed. This file combines--for individuals and their families--data from the 1973 Current Population Survey, 1972 SSA earnings and benefit records, and certain limited tax data from 1972 Federal income tax returns. The file does not indicate whether a worker's employment was covered by Social Security. It does, however, show detailed information for those who had self-employment earnings to enable a determination to be made about whether such employment is covered by Social Security. Consequently, we agreed with the Subcommittee staff to limit our work to reviewing the self-employed.

Using the Exact Match File alone to estimate the extent self-employed individuals are not paying Social Security taxes would understate the number and amount because the file data cannot be used to reliably estimate the extent of underreporting of self-employment earnings. The Internal Revenue Service's (IRS') actual tax compliance experience is a much more reliable source. Thus, using a combination of IRS tax compliance experience--including estimates of underreporting and overreporting--and 1972 Exact

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Match File data (adjusted for dollar values in later years), we estimate that in 1973 at least 5.1 million individuals did not report or misreported earnings which had an estimated tax effect of \$829 million. By 1976--the latest year for which data were available--these figures had grown to at least 6.1 million individuals and \$1.124 billion. In both years, nonreporting of self-employment earnings accounted for about 55 percent of the dollar tax effect; underreporting, about 40 percent; and overreporting, about 5 percent. Of these amounts, earnings not reported or underreported represented Social Security taxes of about \$783 million in 1973 and about \$1.06 billion in 1976.

IRS data do not contain as much information about the characteristics of nonreporters as can be obtained using the Exact Match File since the latter contains considerable data not routinely associated with the tax return process. Thus, we used the Exact Match File to show the characteristics of persons reporting and not reporting, and estimates of taxes owed--expressed in 1972 dollars, the tax year for the file data.

Based on the Exact Match File, we estimate that in 1972 about 8 million self-employed persons reported self-employment earnings to either SSA or IRS and paid about \$2.5 billion in Social Security self-employment taxes. In contrast, we estimate that about 1.5 million self-employed individuals did not report any of their self-employment earnings to either agency; had they done so and paid the 7.5-percent self-employment tax, the Social Security trust funds would have received an additional estimated \$390 million for that year. We did not estimate how many of the self-employed underreported or overreported their self-employed earnings to SSA and IRS, nor did we attempt to calculate increased or decreased Social Security tax revenue from such underreporting or overreporting. (IRS data show that in 1973 and 1976 about 2.5 million and 3.1 million individual tax returns underreported self-employment earnings by \$317 million and \$449 million, respectively. About 500,000 and 600,000 individual tax returns overreported self-employment earnings by \$46 million and \$64 million, respectively, for those years.)

Using the Exact Match File, we also determined whether individuals not reporting any of their self-employment earnings and not paying their Social Security taxes filed a Federal income tax return. Some self-employed who did not report their self-employment earnings could have filed a Federal income tax return showing earnings or income from other sources, such as wages and salary, interest, or dividends. Of the estimated 1.5 million self-employed who did not report their self-employment earnings, about

half filed a Federal income tax return. The estimated \$390 million Social Security tax liability for those who did not report their self-employment earnings was about evenly split between those who filed an income tax return and those who didn't.

The Exact Match File estimates of the self-employed in 1972 who didn't pay the Social Security self-employment tax depend greatly on how accurately household members, not necessarily the self-employed themselves, reported earnings and had such earnings properly recorded during the Current Population Survey. In this regard, we note the following:

- IRS, businessmen, accountants, and lawyers often have difficulty determining or agreeing, for income tax withholding and Social Security purposes, whether a person is an employee or self-employed. There was no way to determine whether what was recorded in the Current Population Survey as self-employment earnings was consistent with what IRS considers to be self-employment earnings.
- In this report, persons who were classified in the Current Population Survey as reporting self-employment earnings but for whom neither IRS nor SSA had evidence of self-employment earnings were categorized as "not reporting." We did not categorize persons who did report earnings to either agency but did not report earnings in the Current Population Survey. About 26.6 percent of those self-employed persons considered to have reported to either agency did not report any self-employment earnings during the Current Population Survey.

Thus, the estimates have considerable limitations, and care should be exercised in drawing conclusions from them. The limitations are discussed further in appendix I.

Appendix I briefly describes how we used the Exact Match File to estimate the size and characteristics of the Social Security self-employed underground economy for individuals not reporting any self-employment earnings. To measure the extent individuals did not report self-employment earnings, we used income data from the Current Population Survey, after determining that no self-employment earnings had been reported to SSA or IRS. Appendix II consists of 20 charts that we prepared to show the extent to which persons reported or did not report their self-employment earnings in 1972 to either agency. Each chart in appendix II also shows the estimated Social Security tax liability for the self-employed who did not report their self-employment earnings. Appendix III

contains another 20 charts which we prepared separating the self-employed who did not report their self-employment earnings into two groups--those who filed a Federal income tax return and those who didn't. Appendix IV describes the reports in the series "Studies From Interagency Data Linkages." Appendix V lists some papers, articles, and reports by others emanating from their use of the Exact Match Study. Appendix VI shows estimates of self-employed not reporting or misreporting self-employment earnings in 1973 and 1976 and the estimated tax effect using IRS tax compliance data and the 1972 Exact Match File data adjusted for dollar values for the later years.

We believe that the following charts in appendixes II and III are especially interesting since they give some insight into the characteristics of the self-employed:

- Chart 2 (industry of self-employment). About one of every four of the self-employed not reporting worked in agricultural production, accounting for almost 25 percent of the total self-employed tax liability.
- Chart 5 (age). About one of every four self-employed not reporting was over 65.
- Chart 9 (weeks worked). About 6 of every 10 self-employed not reporting worked the entire year.
- Chart 15 (total quarters of coverage). About 5 of every 10 self-employed not reporting either had no quarters of coverage or 40 or more quarters of coverage (Chart 17 combines Chart 5 and Chart 15).
- Chart 18 (Social Security insurance or eligibility status). Almost three of every four self-employed not reporting were fully insured. About one in five not reporting was not insured.


We discussed the results of this study with IRS and SSA and the use of Current Population Survey results with the Census Bureau. Each agency emphasized that this study represented the results of using one technique for examining self-employed earnings reporting and nonreporting and that different techniques could produce different results. Nevertheless, the data from

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this study and from IRS indicate that a considerable noncompliance problem exists in the Social Security self-employment tax area. We would be happy to further discuss the results of our study with you and your staff.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 7 days from its issue date. At that time, we will send copies to interested parties and make copies available to others on request.

Sincerely yours,



Gregory J. Ahart
Director

METHOD USED TO ESTIMATE
THE SIZE AND CHARACTERISTICS OF
PERSONS NOT PAYING SOCIAL SECURITY TAXES
ON EARNINGS FROM SELF-EMPLOYMENT

We used the Social Security Administration's (SSA's) Exact Match File, ^{1/} a product of the 1973 Exact Match Study, to help develop our estimate of the size and characteristics of persons not paying Social Security taxes on earnings from self-employment. This file contains employment, income, and tax filing data for a sample of the U.S. resident civilian noninstitutionalized adult population and Armed Forces members if they are living off-post or on-post with families. All identifying information has been deleted from the file to preserve the confidentiality of the sampled individuals.

Using the Exact Match File alone to estimate the extent self-employed individuals are not paying Social Security taxes would understate the number and amount because the file data cannot be used to reliably estimate the extent of underreporting of self-employment earnings. The Internal Revenue Service's (IRS') actual tax compliance experience is a much more reliable source. Thus, using a combination of IRS tax compliance experience--including estimates of underreporting and overreporting--and 1972 Exact Match File data (adjusted for dollar values in later years), we estimate that in 1973 at least 5.1 million individuals did not report or misreported earnings which had an estimated tax effect of \$829 million. By 1976--the latest year for which data were available--these figures had grown to at least 6.1 million individuals and \$1.124 billion. In both years, nonreporting of self-employment earnings accounted for about 55 percent of the dollar tax effect; underreporting, about 40 percent; and overreporting, about 5 percent. Of these amounts, earnings not reported or underreported represented Social Security taxes of about \$783 million in 1973 and about \$1.06 billion in 1976. (See app. VI.)

IRS data, however, do not contain as much information about the characteristics of nonreporters as can be obtained using the Exact Match File since the latter contains considerable data not routinely associated with the tax return process. Thus, we used

^{1/}The Exact Match File is documented in "STUDIES FROM INTERAGENCY DATA LINKAGES, Report Number 8," by Faye Aziz, Beth Kilss and Frederick Scheuren, U.S. Department of Health, Education, and Welfare, SSA, Office of Research and Statistics. Included are detailed descriptions of the data elements used in the charts in appendixes II and III.

the Exact Match File to determine the characteristics of persons reporting and not reporting, and estimates of taxes owed--expressed in 1972 dollars, the tax year for the file data. These characteristics and the related estimates of taxes owed are shown in appendixes II and III.

While the 1973 Exact Match Study's goal was to expand the knowledge of income distribution and redistribution, the resulting data can be used to estimate the extent of nonfiling of Federal income tax returns and nonreporting of self-employment earnings subject to Social Security self-employment earnings tax. Previously, we estimated from the Exact Match File the extent of nonfiling of individual income tax returns and reported to the Congress the results of our review in a report entitled "Who's Not Filing Income Tax Returns? IRS Needs Better Ways to Find Them and Collect Their Taxes" (GGD-79-69, July 11, 1979). Our current study examined the extent of nonreporting of self-employment earnings subject to the Social Security self-employment earnings tax.

WHO WAS A REPORTER AND WHO WASN'T

The Exact Match File does not indicate whether a worker's employment was covered by Social Security. The file does, however, show detailed information for those who reported self-employment earnings to enable a determination to be made about whether such employment is covered by Social Security. Consequently, our work was limited to the self-employed. In 1972, individuals were required to file a tax return and pay Social Security tax if they were self-employed and their net earnings from self-employment were at least \$400.

We considered a self-employed individual to have reported some self-employment earnings if either

--SSA recorded in its individual records self-employment earnings or a combination of wage and self-employment earnings;

OR

--the Federal income tax return (individual or joint) contained a Schedule C, Profit (or Loss) from Nonfarm Business or Profession (Sole Proprietorship), and/or Schedule SE, Computation of Social Security Self-Employment Tax, and the self-employment earnings we computed from the Current Population Survey (CPS) or IRS data were \$400 or more.

We computed the CPS self-employment earnings by adding the farm and nonfarm self-employment amounts. We computed the IRS self-employment earnings by subtracting from adjusted gross income

the following income items: salary and wages, dividends, and interest received. For the IRS self-employment computation, no other option existed because of the limited IRS data available in the file. This computation was used primarily to classify persons as self-employed "reporters" if their CPS self-employment earnings were not \$400 or more (when there was also a Schedule C or SE filed).

We considered a self-employed individual to have not reported any self-employment earnings if

--SSA had no record of any self-employment earnings (in the original Exact Match File, not a later file which updated the original file);

AND

--IRS had no record of self-employment filing (individual or joint return) of Schedule C and/or Schedule SE;

AND

--the computed CPS self-employment earnings were \$400 or more.

Some self-employed persons may have reported to IRS but reported incompletely (not filed all pertinent tax forms for self-employment earnings). The definitions we used did not consider possible filings with IRS of Schedule F, Farm Income and Expenses, or Schedule E, Supplemental Income Schedule. Schedule F was not considered since the Exact Match File data base does not show whether Schedule F was filed.

Schedule E information is shown in the Exact Match File. However, we decided against using it as a determinant of self-employment reporting or not reporting since there is no way to distinguish types of supplemental income in the IRS portion of the data base. For example, self-employed partnership earnings may have been included on Schedule E, and if that person did not also file a Schedule SE or C, they could have been classified as not reporting self-employment earnings.

ESTIMATE OF TAX LIABILITY FOR THOSE NOT REPORTING

The estimated Social Security self-employment tax owed for sampled individuals not reporting self-employment earnings was calculated by multiplying the CPS self-employment earnings, up to \$9,000 (the 1972 Social Security contribution ceiling), by the 1972 self-employment tax of 7.5 percent. However, if the sampled individual's Social Security earnings record showed earnings from work other than self-employment, we used the CPS self-employment

earnings up to a ceiling of \$9,000 less the earnings amount shown in the Social Security record. We then multiplied the tax that should have been paid by the number of individuals the sample case represented, and then summed all cases.

ESTIMATE OF TAX PAID FOR THOSE REPORTING

We calculated the estimated amount of Social Security self-employment tax paid by multiplying for each sample case the self-employment earnings ^{1/} (up to a maximum of \$9,000 or \$9,000 less wages) by the 7.5-percent self-employment tax. We then multiplied the tax paid for each sample case by the number of individuals the sample case represented, and then summed all cases. Some individuals considered by our definition of self-employed "reporters" paid no Social Security self-employment tax because they had already paid the maximum Social Security tax on the wage contribution ceiling of \$9,000. Further, although we have estimated the self-employment taxes paid by those self-employed considered to have reported to either SSA or IRS, we had no way to verify that the tax was paid.

CHARACTERISTICS AND ESTIMATES FOR THE SELF-EMPLOYED REPORTING AND NOT REPORTING

Once an individual was classified, by definition, as reporting or not reporting, we summarized the records for each group to show various characteristics. Thus, appendix II contrasts those reporting with those not reporting for some of the data elements in the Exact Match File data base, such as occupation, industry, marital

^{1/}We relied primarily upon Social Security earnings records to make our calculation. If these records showed only self-employment earnings, the calculations were made by multiplying such earnings by the self-employed tax rate. If the records indicated that wage and self-employment earnings were combined, we subtracted the wage portion by either (1) using an IRS wage and salary amount for persons who filed a separate (not a joint) return or (2) using the CPS wage and salary amount for an individual if a joint return had been filed.

For persons for whom SSA had no evidence of self-employment earnings, but who did report their self-employment earnings to IRS, we used the computed IRS self-employment earnings amount if it was \$400 or more to calculate the self-employment tax paid; otherwise we used the computed CPS self-employment amounts to calculate self-employment taxes paid.

status, etc. 1/ Appendix III shows the characteristics of those not reporting for Social Security purposes from the added perspective of whether they filed Federal income tax returns.

ESTIMATES FROM SAMPLE CASES

Each sample case in the Exact Match File represented a distinct number of individuals in the total population. The specific weights used for the study were "'Final' CPS-IRS-SSA Stats Unit Administrative Weight." SSA determined the number of individuals that each sample case represented primarily by adjusting the weights of CPS. 2/ (CPS is essentially a self-weighting sample of the U.S. civilian noninstitutional population living in the 50 States or the District of Columbia. Armed Forces members are included only if they are living off-post or on-post with families.) We did not assess the accuracy of this determination.

MATCH RULES

The Exact Match File contains information showing "match source information and agreement codes." Generally, this information gives users of the file some assurance about the reliability of the combined record from the three data sources--IRS, SSA, and CPS. Our work on the self-employed excluded all records coded in the file as nonmatched records. (We also excluded all persons under age 14.)

Some records considered to be valid matches can have non-matched or mismatched intermediate data for a particular source, such as Social Security earnings records. When a "good" record had a "bad" data source, we classified as unknown in our charts any characteristic that had as its source bad data, such as quarters of coverage for a bad earnings record.

LIMITATIONS

The estimates of the self-employed in 1972 who didn't pay the Social Security self-employment tax depend greatly on how accurately household members, not necessarily the self-employed themselves,

1/A complete list of the data elements available (as well as those actually used in apps. II and III) and their definitions is contained in "STUDIES FROM INTERAGENCY DATA LINKAGES, Report Number 8." (See app. IV, p. 58 for a more complete reference.)

2/Details of SSA's estimation methodology are contained in "STUDIES FROM INTERAGENCY DATA LINKAGES, Report Number 10: Methods of Estimation for the 1973 Exact Match Study" by H. Lock Oh and Frederick Scheuren, with Clarise Lancaster and Robert Yuskavage.

reported earnings and had such earnings properly recorded during CPS. It is important to note that:

--IRS, businessmen, accountants, and lawyers often have difficulty determining or agreeing, for income tax withholding and Social Security purposes, whether a person is an employee or self-employed. 1/ There was no way to determine whether what was recorded in CPS as self-employment earnings was consistent with what IRS considers to be self-employment earnings.

--In this report, persons who were classified in CPS as reporting self-employment earnings but for whom neither IRS nor SSA had evidence of self-employment earnings were categorized as "not reporting." We did not categorize persons who did report earnings to either agency but did not report in CPS. About 26.6 percent of those self-employed persons considered to have reported to either agency did not report any self-employment earnings during CPS.

Our estimates of the numbers and characteristics of the self-employed not reporting their earnings essentially reflect the results of summarizing data in the Exact Match File. Such results should be viewed as one technique for estimating who may or may not be reporting their self-employment earnings which are subject to the Social Security self-employment tax. There are considerable limitations and uncertainties surrounding our estimates which can not now be resolved. Following are specific limitations that we wish to highlight.

IRS officials pointed out that their work on the Exact Match File, done in cooperation with the Bureau of Economic Analysis (Department of Commerce), 2/ generally suggests that self-employment (nonfarm) earnings up to \$13,250 as reported in CPS are overstated in comparison to computed 3/ self-employment amounts for

1/See our report "Tax Treatment of Employees and Self-Employed Persons by the Internal Revenue Service: Problems and Solutions" (GGD-77-88, Nov. 21, 1977).

2/The objective of the Bureau of Economic Analysis is to provide a clear picture of the state of the economy by preparing, developing, and interpreting the economic accounts of the United States.

3/Schedule C net income was not available in the Exact Match File but was arrived at by using returns with a Schedule C indicator and subtracting wages, dividends, and interest from adjusted gross income only when Schedules D, E, and F were not present.

those individuals who filed Schedule C. Their work also suggests that the self-employed understate self-employment earnings above \$13,250. Based on their work, the following table shows the possible percentage overstatement of reported self-employment earnings in CPS when compared against Schedule C computed self-employment earnings.

<u>Reported self-employment earnings</u>	<u>Possible over- statement</u> (percent)
\$ 1 - \$ 749	377
750 - 4,249	181
4,250 - 8,249	126
8,250 - 13,249	107

As pointed out in "STUDIES FROM INTERAGENCY DATA LINKAGES, Report Number 8":

"For the most part, the information in the Exact Match File has simply been taken from an IRS, Current Population Survey, or Social Security Administration source with only range checks being made. Inconsistencies may exist both within the set of items for a linked source as well as among the sources brought together. As a rule, however, the approach taken in the study was not to correct errors in the source material unless they were introduced by the Match data processing itself."

Census Bureau officials commented that from their experience with CPS they believe some persons, particularly those reporting farm income, may have misclassified their source of earnings. They suggested that some persons classified in the file as having self-employment earnings might have meant (when responding to the Bureau's questions) that they owned a farm or agricultural land. The Bureau officials said some farmers retire and move into towns or cities and do little or no farming. These people may have really meant that the earnings derived from their farms were rental income, which is not subject to Social Security taxation. Further, the Bureau officials suggested that these retired farmers may have correctly filed with IRS a Schedule E (which includes rental income). The Bureau suggested that we check to see how many of these people filed a Schedule E.

We checked all persons we defined as not reporting their self-employment earnings and who had a farm self-employment amount of \$400 or more reported in CPS to see if a Schedule E was filed. Of a total of 295,000 such individuals (about 94 percent of whom had

an occupation of farmer), representing \$77.1 million in taxes owed, 152,000 filed a Schedule E, representing \$39.5 million of the total estimated self-employment taxes owed. The Exact Match File does not provide a definite way to determine whether these persons did or did not have self-employment earnings. These persons could have misreported during CPS, or they could have had supplemental income, such as rental income, in addition to their self-employment earnings.

The Exact Match File has several other data shortcomings that prevented us from accounting for some nonreporting and caused us to make adjustments when calculating our estimates. To determine an individual's Social Security tax liability, we had to rely on the income data included in the Exact Match File. We were, therefore, unable to account for individuals who had self-employment income of \$400 or more but who did not report that income during CPS (except when, as noted below, the Census Bureau estimated the self-employment earnings). Because of this, we believe our estimate of those not reporting self-employment earnings is conservative.

Self-employment earnings data used in our analyses were as recorded in CPS. For individuals who did not provide income information during CPS, the Exact Match File includes the Census Bureau's estimated (allocated) amounts. We used these estimates for self-employment earnings, mainly for the self-employed not reporting, and they are reflected in the charts in appendixes II and III. There were 220,000 (about 14.3 percent) of the self-employed not reporting who were assigned self-employment earnings. This group accounted for \$72.5 million (about 18.6 percent) of the Social Security taxes owed. In contrast, 678,000 (about 8.5 percent) of the self-employed reporting had estimated self-employment earnings assigned.

SSA officials believe that a principal advantage of this study was its emphasis on the characteristics shown for those self-employed classified as having not reported self-employment earnings. In this regard, they suggested that separate characteristics on those not reporting who were assigned self-employment earnings be provided for separate analysis. (IRS and Bureau of Economic Analysis work on those assigned self-employment earnings suggests that amounts assigned less than \$8,250 are significantly overstated when compared to a computed tax return determined for those that did report a self-employment amount.) We plan to make these details available to IRS and SSA upon request.

Another drawback with the Exact Match File is that the IRS income items are not detailed to show the amount of self-employment earnings and, in the case of joint returns, do not identify which spouse (or whether both spouses) had self-employment earnings. We attempted to compensate for these omissions by not including any

individual in the "nonreporter" category if the individual or joint tax return showed evidence of a Schedule C or Schedule SE having been filed. Also, we computed an IRS self-employment earnings amount as previously described. While we did not use this computation for those not reporting self-employment earnings, we did use it to a minor extent in estimating Social Security taxes paid by those reporting (as described in app. I, pp. 2 and 4). The effect of these determinations was to understate the self-employed not reporting and to overstate the number of self-employed reporting and the amount of Social Security self-employment tax paid.

The Exact Match File has an inherent weakness for married persons in that the spouse of the primary taxpayer on a joint return is not identified. Because of our tax filing customs, these secondary filers--or spouses of the primary taxpayers--are generally women. Our nonreporting estimates, therefore, would count a spouse living apart from a primary taxpayer (filer) as a nonfiler. This could logically occur for married but separated individuals or married individuals living apart for some other reason. The effect of this problem is that some self-employed nonreporters we classified as not filing a tax return may have done so. Nevertheless, because in each such case we also examined the individual's Social Security earnings record, there is no effect on the number or dollar amounts of nonreporting in our estimates.

There is another shortcoming with trying to estimate the Social Security tax paid by the self-employed when self-employed earnings were combined with salary or wage earnings (as shown in SSA earnings data). We attempted to compensate for this by isolating self-employment earnings from total SSA earnings using either an IRS salary and wage amount or CPS salary and wage amount. The problem with using an IRS or CPS salary and wage amount is that the file does not indicate the extent to which these amounts were earned in employment covered by Social Security. The effect is that the Social Security self-employment tax paid is understated.

The 1973 Exact Match Study can be considered to have another limitation--namely, the SSA earnings data in the Exact Match File may be understated for the individuals studied because of earnings postings after that study. To compensate for this possibility, we substituted a later 1972 earnings amount for the original Exact Match File earnings amount. This was possible since SSA had prepared a longitudinal earnings history from 1937 to 1976 for the sample cases in the original Exact Match File. 1/

1/Documentation for the longitudinal earnings records is contained in the publication "STUDIES FROM INTERAGENCY DATA LINKAGES, Report No. 9." See app. IV, page 58 for a more complete reference and description.

The substitution of later earnings figures has some advantages and disadvantages. The principal advantage is that a later earnings amount is available and was used; the principal disadvantage is that the type of earnings (wage, self-employment, or a combination of both) for the later earnings is not available. Therefore, we assumed, except for one condition, that the later earnings type was the same as that shown for the original earnings type. When no earnings were present (and type of earnings was shown as "none") in the original data base and a later earnings amount was present, we assumed that the later earnings were wages.

The principal effect of our assumption is to provide a compromise. We may be overstating the instances of self-employed not reporting, but we reduced the potential dollar liability shown for those "not reporting" since we reduced the contribution ceiling by the amount of "wages" (assumed) shown as later earnings.

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The charts in appendixes II and III may contain minor variations in computations due to rounding. Appendix II shows calculations in relationship to the totals (sum of all cells) for the entire groups of self-employed reporting or not reporting. Appendix III shows calculations in relation to the total for each individual cell showing a characteristic.

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APPENDIX II

APPENDIX II

Chart 19--March 1973 marital status.

Chart 20--Type of Social Security benefit claimed.

CHART 1
 TWENTY-FIVE OCCUPATIONS WITH THE LARGEST NUMBER OF SELF-EMPLOYED
 NOT REPORTING IN 1972

Occupation of Longest Civilian Job	Total		Reporting		Not Reporting			
	Number	Individuals	Number	Percent	Number	Percent	Tax Liability	
							Group (millions)	Individual (average)
Farmers (owners and tenants)	1,692,000	1,245,000	73.6		446,000	26.4	\$ 92.4	\$207
Managers and administrators, n.e.c.	1,562,000	1,379,000	88.3		183,000	11.7	65.3	357
Child care workers, exc. private household	80,000	13,000	15.8		68,000	84.2	7.8	116
Restaurant, cafeteria, and bar managers	192,000	144,000	74.9		48,000	25.1	19.7	409
Carpenters	235,000	190,000	80.6		46,000	19.4	15.4	338
Painters, construction, and maintenance	145,000	101,000	69.4		44,000	30.6	8.2	185
Newsboys	59,000	17,000	28.1		43,000	71.9	4.4	102
Automobile mechanics	127,000	96,000	75.4		31,000	24.6	9.1	293
Hairdressers and cosmetologists	164,000	136,000	83.3		27,000	16.7	5.4	196
Gardeners and groundkeepers, exc. farm	76,000	51,000	67.6		25,000	32.4	4.7	191
Sales clerks, retail trade	113,000	91,000	80.3		22,000	19.7	5.1	228
Dressmakers and seamstresses, except factory	52,000	30,000	57.6		22,000	42.4	3.8	172
Truck drivers	190,000	169,000	88.7		21,000	11.3	6.6	309
Teachers, except college and university, n.e.c.	79,000	60,000	74.9		20,000	25.1	6.0	301
Registered nurses	37,000	19,000	50.5		19,000	49.5	8.7	470
Insurance agents, brokers, and underwriters	171,000	153,000	89.5		18,000	10.5	3.8	213
Real estate agents and brokers	164,000	147,000	89.7		17,000	10.3	5.3	312
Bookkeepers	79,000	62,000	78.8		17,000	21.2	5.9	354
Plumbers and pipe fitters	55,000	41,000	73.3		15,000	26.7	3.2	215
Demonstrators (sales)	34,000	19,000	56.8		15,000	43.2	2.5	174
Janitors and sextons	44,000	30,000	69.0		14,000	31.0	3.7	267
Sales representatives, whole-sale trade	107,000	94,000	88.3		13,000	11.7	4.7	377
Child care workers, private household	26,000	13,000	51.8		12,000	48.2	1.3	103
Roofers and slaters	36,000	24,000	66.4		12,000	33.6	3.1	258
Brickmasons and stonemasons	60,000	48,000	80.3		12,000	19.7	3.8	326
All Others	3,921,000	3,588,000	91.5		332,000	8.5	89.3	269
TOTALS	9,502,000	7,961,000	83.8		1,541,000	16.2	\$389.2	\$253

Note: The occupation groupings are based on the classification system used in the 1970 Census of Population (n.e.c. = not elsewhere classified). The occupation shown above for persons defined as self-employed reporters or non-reporters is the occupation of longest civilian job in 1972, which is not necessarily the occupation of self-employment.

CHART 2
 TWENTY-FIVE INDUSTRIES WITH THE LARGEST NUMBER OF SELF-EMPLOYED
 NOT REPORTING IN 1972

Industry of Longest Civilian Job	Total Number	Reporting Individuals		Not Reporting		
		Number	Percent	Number	Percent	Tax Liability Group (millions) Individual (average) \$210
Agricultural production	1,795,000	1,348,000	75.1	447,000	24.9	\$ 93.8
Special trade contractors	679,000	522,000	76.9	157,000	23.1	44.5
Lodging places, except hotels, and motels	101,000	34,000	33.3	67,000	66.7	9.1
Direct selling establishments	121,000	60,000	49.7	61,000	50.3	8.7
Eating and drinking places	271,000	212,000	78.4	59,000	21.6	21.7
Real estate, incl. real estate - insurance - law offices	254,000	215,000	84.4	40,000	15.6	14.1
Automobile repair and related services	187,000	148,000	79.2	39,000	20.8	11.1
General building contractors	266,000	234,000	87.8	32,000	12.2	14.1
Trucking service	194,000	163,000	84.3	31,000	15.8	24.1
Horticultural services	72,000	44,000	61.3	28,000	38.7	11.1
Airline service stations	197,000	171,000	86.8	26,000	13.2	2.1
Beauty shops	161,000	135,000	83.9	26,000	16.2	11.1
Miscellaneous retail stores	117,000	93,000	79.4	24,000	20.6	11.1
Miscellaneous services, n.e.c.	69,000	46,000	66.8	23,000	33.2	11.1
Insurance	236,000	214,000	90.7	22,000	9.3	4.1
Pressmaking shops	46,000	24,000	52.2	22,000	47.8	11.1
Property stores	229,000	210,000	91.7	19,000	8.3	11.1
Miscellaneous services, n.e.c.	77,000	56,000	72.7	21,000	27.3	11.1
Restaurants	56,000	49,000	87.5	7,000	12.5	11.1
Miscellaneous personal services	62,000	45,000	72.7	17,000	27.4	11.1
Miscellaneous repair services	92,000	77,000	83.7	15,000	16.3	11.1
Personal services - private households	48,000	34,000	70.8	14,000	29.2	11.1
Personal services - hotels and motels	49,000	36,000	73.5	13,000	26.8	11.1
Theaters and motion pictures	47,000	35,000	74.7	12,000	25.5	11.1
Food and related products	62,000	51,000	82.3	11,000	17.7	11.1
All Others	4,003,000	3,703,000	92.5	299,000	7.5	6.6
TOTALS	9,502,000	7,961,000	84.8	1,541,000	16.2	\$389.2
						\$253

Note: The industry groupings are based on the classification system used in the 1970 Census of Population (n.e.c. = not elsewhere classified). The industry shown above for persons defined as self-employed reporters or non-reporters is the industry of longest civilian job in 1972, which is not necessarily the industry of self-employment.

CHART 3
SELF-EMPLOYMENT EARNINGS

Self-Employment Earnings	Reporting		Not Reporting	
	Number 1/	Percent	Number	Percent
Less than 400	2,429,000	30.5	-	-
\$ 400 - 999	433,000	5.4	363,000	23.5
1,000 - 1,999	597,000	7.5	288,000	18.7
2,000 - 3,999	902,000	11.3	279,000	18.1
4,000 - 5,999	680,000	8.5	178,000	11.6
6,000 - 8,999	935,000	11.7	196,000	12.7
9,000 - 11,999	611,000	7.7	112,000	7.3
12,000 - 14,999	328,000	4.1	52,000	3.4
15,000 - 19,999	416,000	5.2	24,000	1.6
20,000 - 24,999	201,000	2.5	14,000	.9
25,000 - 34,999	238,000	3.0	16,000	1.0
35,000 - 49,999	110,000	1.4	11,000	.7
50,000 and over	78,000	1.0	7,000	.5
TOTALS	7,961,000	100.0	1,541,000	100.0
				\$389.2
				100.0

Notes:

1. For the self-employed reporting, the number of individuals in each earnings range were based on what the individual reported in the Current Population Survey in order to be consistent with data presented for those self-employed not reporting.
2. In 1972, the maximum earning amount subject to taxation was \$9,000. Consequently, for Social Security tax purposes, all self-employment earnings greater than \$9,000 can be treated as if the earnings were \$9,000. For those self-employed not reporting, we estimated the tax liability after considering any wage and salary earnings and the tax contribution ceiling.

CHART 4
TOTAL MONEY INCOME

Total Money Income	Reporting		Not Reporting		Percent
	Number	Percent	Number	Tax Liability (millions)	
Less than 400	230,000	2.9	-	-	-
\$ 400 - 999	205,000	2.6	177,000	\$ 7.8	2.0
1,000 - 1,999	394,000	5.0	191,000	15.7	4.0
2,000 - 3,999	1,010,000	12.7	362,000	50.4	12.9
4,000 - 5,999	915,000	11.5	230,000	56.4	14.5
6,000 - 8,999	1,457,000	18.3	273,000	102.6	26.4
9,000 - 11,999	1,200,000	15.1	143,000	68.4	17.6
12,000 - 14,999	679,000	8.5	45,000	24.8	6.4
15,000 - 19,999	758,000	9.5	55,000	26.1	6.7
20,000 - 24,999	374,000	4.7	23,000	12.8	3.3
25,000 - 34,999	409,000	5.1	13,000	6.5	1.7
35,000 - 49,999	201,000	2.5	17,000	10.4	2.7
50,000 and over	128,000	1.6	11,000	7.3	1.9
TOTALS	7,961,000	100.0	1,541,000	\$389.2	100.0

CHART 5
AGE ON MARCH 17, 1973

Age	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability (millions)
Under 21	84,000	1.1	127,000	8.3	\$ 17.2
21 - 25	289,000	3.6	125,000	8.1	28.6
26 - 30	548,000	6.9	125,000	8.1	37.1
31 - 35	712,000	8.9	140,000	9.1	46.5
36 - 40	850,000	10.7	96,000	6.3	31.1
41 - 45	948,000	11.9	99,000	6.5	31.0
46 - 50	1,027,000	12.9	143,000	9.3	45.6
51 - 55	986,000	12.4	120,000	7.8	38.0
56 - 60	915,000	11.5	103,000	6.7	29.7
61 - 65	767,000	9.6	103,000	6.7	21.7
Over 65	833,000	10.5	360,000	23.3	62.6
TOTALS	7,959,000	100.0	1,541,000	100.0	\$389.2
					100.0

CHART 6
HOW 1972 HOUSEHOLDS WERE INTERVIEWED
FOR THE CURRENT POPULATION SURVEY

Type Interview	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability (millions)
Personal interview	4,481,000	56.3	1,016,000	65.9	\$238.5
Regular telephone	2,810,000	35.3	374,000	24.3	104.8
Telephone callback	637,000	8.0	142,000	9.2	44.6
Follow-up interview schedule returned	13,000	.2	4,000	.3	.7
Unknown	17,000	.2	4,000	.3	.6
TOTALS	7,959,000	100.0	1,541,000	100.0	\$389.2
					100.0

Note: The type of interview for the Current Population Survey shown above refers to the household interviewed. Thus, self-employed individuals may not have provided the Survey data themselves; for example, if married, their spouse may have provided the data.

CHART 7
RESIDENCE

Census Region	Reporting		Not Reporting		Percent
	Number	Percent	Number	Tax Liability (millions) \$ 70.4	
Northeast	1,376,000	17.3	248,000	16.1	18.1
North Central	2,648,000	33.3	460,000	29.9	27.5
South	2,475,000	31.1	571,000	37.1	35.5
West	1,460,000	18.3	261,000	16.9	18.9
TOTALS	7,959,000	100.0	1,541,000	100.0	100.0

Note: States included in the above Census regions are:

- Northeast
 - Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, New Jersey, New York, and Pennsylvania.
- North Central
 - Illinois, Indiana, Michigan, Ohio, Wisconsin, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.
- South
 - Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia, Alabama, Kentucky, Mississippi, Tennessee, Arkansas, Louisiana, Oklahoma, and Texas.
- West
 - Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming, Alaska, California, Hawaii, Oregon, and Washington.

CHART 8
HOUSING

Housing	Reporting		Not Reporting		Percent
	Number	Percent	Number	Tax Liability (millions)	
Owned or being bought	6,539,000	82.2	1,129,000	\$277.9	71.4
Rented for cash	1,044,000	13.1	330,000	94.4	24.3
Occupied without payment of cash rent	249,000	3.1	57,000	7.2	1.8
Unknown	127,000	1.6	25,000	9.7	2.5
TOTALS	7,959,000	100.0	1,541,000	\$389.2	100.0

CHART 9
WEEKS WORKED IN 1972 AS A CIVILIAN

Number Of weeks	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability (millions) \$ 8.8
1 to 13	155,000	1.9	72,000	4.6	2.3
14 to 26	329,000	4.1	191,000	12.4	10.3
27 to 39	385,000	4.8	145,000	9.4	8.9
40 to 47	459,000	5.8	138,000	9.0	9.2
48 to 49	254,000	3.2	32,000	2.1	2.1
50 to 52	6,060,000	76.1	962,000	62.4	67.3
Unknown	318,000	4.0	-	-	-
TOTALS	7,959,000	100.0	1,541,000	100.0	\$389.2

Note: Weeks worked in 1972 as a civilian is the number of different weeks in which the person worked (not necessarily just at being self-employed) even though the person may have worked only a few hours or a few days in some of the weeks.

CHART 10
WORK STATUS IN 1972

Status	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability (millions)
Full Year:					
Full Time	5,603,000	70.4	688,000	44.7	\$219.9
Part Time	457,000	5.7	274,000	17.8	41.9
Sub Total	6,060,000	76.1	962,000	62.5	\$261.8
Part Year:					
Full Time	1,136,000	14.3	310,000	20.1	\$ 82.2
Part Time	445,000	5.6	269,000	17.4	45.3
Sub Total	1,581,000	19.9	579,000	37.5	\$127.5
Unknown	318,000	4.0	-	-	-
TOTALS	7,959,000	100.0	1,541,000	100.0	\$389.2
					100.0

CHART 11
REASON WORKED AS A CIVILIAN ONLY PART-YEAR IN 1972

Reason	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability (millions) \$ 24.9
Looking for work	346,000	4.4	85,000	5.5	6.4
Ill	293,000	3.7	135,000	8.7	31.2
Keeping house*	202,000	2.5	126,000	8.2	20.5
In school	83,000	1.0	63,000	4.1	8.6
Retired	149,000	1.9	57,000	3.7	10.7
Other	491,000	6.2	113,000	7.3	31.5
In armed forces	17,000	.2	-	-	-
Not applicable	6,377,000	80.1	962,000	62.4	261.8
TOTALS	7,959,000	100.0	1,541,000	100.0	\$389.2
					67.3
					100.0

*Females only.

CHART 12
YEARS OF SCHOOL COMPLETED

Years Completed	Reporting		Not Reporting	
	Number	Percent	Number	Tax Liability (millions) Percent
None	25,000	.3	12,000	.8 \$ 3.7 .9
Elementary: 1 to 8	1,406,000	17.7	481,000	100.1 25.7
High school: 1 to 4	3,881,000	48.8	755,000	204.2 52.5
College: 1 to 5 or more	2,647,000	33.2	293,000	81.2 20.9
TOTALS	7,959,000	100.0	1,541,000	\$389.2 100.0

CHART 13
SOCIAL SECURITY TAXES PAID 1937 - 1972

Taxes Paid	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability 1/ (millions) \$ 18.2
None	-	-	135,000	8.7	4.7
\$ 1 - 999	974,000	12.2	591,000	38.3	32.8
1000 - 1999	909,000	11.4	295,000	19.2	22.5
2000 - 2999	839,000	10.5	152,000	9.9	12.9
3000 - 4999	1,973,000	24.8	227,000	14.7	18.8
5000 - 6999	2,255,000	28.3	73,000	4.7	5.5
7000 - 9499	908,000	11.4	34,000	2.2	1.6
Unknown	102,000	1.3	34,000	2.2	1.3
TOTALS	7,959,000	100.0	1,541,000	100.0	\$389.2

1/Tax liability is shown for 1972 only.

CHART 14
SELF-EMPLOYMENT QUARTERS OF COVERAGE
1951 - 1972
FOR THE SELF-EMPLOYED IN 1972

Self-Employment Quarters Of Coverage	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability (millions) Percent
None	1,187,000	14.9	949,000	61.6	\$223.7 57.5
1 to 4	843,000	10.6	110,000	7.1	30.4 7.8
5 to 9	540,000	6.8	75,000	4.9	19.1 4.9
10 to 19	788,000	9.9	83,000	5.4	25.4 6.5
20 to 29	1,001,000	12.6	72,000	4.7	21.0 5.4
30 to 39	527,000	6.6	43,000	2.8	14.1 3.6
40 to 49	607,000	7.6	50,000	3.2	14.8 3.8
50 to 59	476,000	6.0	54,000	3.5	15.8 4.1
60 and over	1,952,000	24.5	71,000	4.6	19.8 5.1
Unknown	38,000	.5	34,000	2.2	4.9 1.3
TOTALS	7,959,000	100.0	1,541,000	100.0	\$389.2 100.0

1/Generally, there are three possibilities for a person defined as a self-employed reporter to have no quarters of self-employment coverage. First, the person could have reached the maximum contribution ceiling through wage earnings and thus no self-employment quarters would be shown. Secondly, self-employment earnings may have been reported to IRS but not entered into Social Security's earnings records. Thirdly, the definition of self-employed reporters may be flawed, particularly for couples who filed joint returns. For the last possibility, the definition of self-employed reporters was designed to be conservative, i.e. it is biased in an effort to reduce instances of non-reporting. (See definition of who was a reporter and who wasn't, as well as data "Limitations" in Appendix I.)

CHART 15
TOTAL QUARTERS OF COVERAGE
1937 - 1972
FOR THE SELF-EMPLOYED IN 1972

Total Quarters Of Coverage	Reporting		Not Reporting		Percent
	Number	Percent	Number	Tax Liability (millions) \$ 22.3	
None	-	-	128,000	8.3	5.7
1 to 4	53,000	.7	87,000	5.6	2.2
5 to 9	111,000	1.4	117,000	7.6	7.2
10 to 19	323,000	4.1	207,000	13.4	11.8
20 to 29	414,000	5.2	131,000	8.5	8.7
30 to 39	479,000	6.0	173,000	11.2	13.3
40 to 49	576,000	7.2	117,000	7.6	7.3
50 to 59	542,000	6.8	138,000	9.0	10.4
60 and over	5,323,000	66.9	409,000	26.5	32.1
Unknown	140,000	1.8	34,000	4.9	1.3
TOTALS	7,961,000	100.0	1,541,000	\$389.2	100.0

CHART 16
1972 SOCIAL SECURITY BENEFITS ACCRUED

Benefit Amounts	Reporters		Not Reporting		Percent
	Number	Percent	Number	Tax Liability (millions)	
\$ 1 - 499	49,000	.6	9,000	\$ 1.2	.3
500 - 999	114,000	1.4	76,000	8.9	2.3
1000 - 1499	221,000	2.8	145,000	24.6	6.3
1500 - 1999	207,000	2.6	98,000	17.9	4.6
2000 - 2499	236,000	3.0	82,000	16.9	4.3
2500 - 2999	86,000	1.1	12,000	.8	.2
3000 - 3499	44,000	.6	4,000	.9	.2
Not getting bene- fits or unknown	7,000,000 ^{1/}	88.0	1,114,000	318.0	81.7
TOTALS	7,959,000	100.0	1,541,000	\$389.2	100.0

^{1/}Includes some reporters who claimed a Social Security benefit but who did not have any benefit accrue in 1972.

APPENDIX II

APPENDIX II

CHART 17
NUMBERS, PERCENTAGES, AND TAXES OWED
BY AGE AND QUARTERS OF COVERAGE

Quarters Of Coverage	Reporting Category	BY AGE AND QUARTERS OF COVERAGE										Total	
		Under 21	21-25	26-30	31-40	41-50	51-60	61-65	Over 65	Number	Percent		
None	Reporting	-	-	-	-	-	-	-	-	-	-	-	
	Not Reporting Tax Owed	28,000 \$4.4	6,000 \$1.2	4,000 \$1.4	4,000 \$.8	10,000 \$1.2	20,000 \$4.1	12,000 \$2.1	45,000 \$7.0	128,000 \$22.3	8.3 5.7		
1 to 9	Reporting	28,000	19,000	15,000	16,000	28,000	31,000	7,000	19,000	163,000	2.1		
	Not Reporting Tax Owed	68,000 \$9.2	25,000 \$5.0	16,000 \$4.7	11,000 \$2.6	15,000 \$3.8	25,000 \$6.2	12,000 \$1.5	32,000 \$3.5	203,000 \$36.4	13.2 9.4		
10 to 19	Reporting	42,000	85,000	27,000	49,000	42,000	50,000	10,000	19,000	323,000	4.1		
	Not Reporting Tax Owed	15,000 \$1.5	56,000 \$12.8	24,000 \$7.3	26,000 \$4.8	21,000 \$5.0	26,000 \$7.7	15,000 \$2.6	24,000 \$4.3	207,000 \$45.9	13.4 11.8		
20 to 29	Reporting	11,000	106,000	83,000	52,000	49,000	60,000	28,000	24,000	414,000	5.2		
	Not Reporting Tax Owed	2,000 \$.5	20,000 \$5.0	23,000 \$5.8	35,000 \$11.7	12,000 \$3.2	11,000 \$1.9	4,000 \$1.0	24,000 \$4.8	131,000 \$33.9	8.5 8.7		
30 to 39	Reporting	-	57,000	108,000	107,000	88,000	68,000	26,000	25,000	479,000	6.0		
	Not Reporting Tax Owed	-	16,000 \$4.0	30,000 \$7.8	45,000 \$15.2	29,000 \$10.8	16,000 \$6.2	4,000 \$1.3	33,000 \$6.5	173,000 \$51.8	11.2 13.3		
40 to 49	Reporting	-	13,000	193,000	172,000	84,000	56,000	16,000	41,000	576,000	7.2		
	Not Reporting Tax Owed	-	2,000 \$.6	22,000 \$8.8	17,000 \$6.1	8,000 \$1.2	15,000 \$2.6	15,000 \$3.6	39,000 \$5.8	117,000 \$28.6	7.6 7.3		
50 to 59	Reporting	-	-	100,000	199,000	83,000	77,000	28,000	55,000	542,000	6.8		
	Not Reporting Tax Owed	-	-	3,000 \$.6	39,000 \$15.0	33,000 \$10.7	20,000 \$7.2	8,000 \$1.2	36,000 \$5.8	138,000 \$40.5	9.0 10.4		
60 and over	Reporting	2,000	-	19,000	957,000	1,578,000	1,515,000	637,000	615,000	5,323,000	66.9		
	Not Reporting Tax Owed	-	-	-	57,000 \$21.3	115,000 \$40.7	91,000 \$32.0	32,000 \$8.4	113,000 \$22.4	408,000 \$124.9	26.5 32.1		
Unknown	Reporting	2,000	9,000	2,000	10,000	24,000	42,000	14,000	36,000	140,000	1.8		
	Not Reporting Tax Owed	14,000 \$1.6	-	3,000 \$.5	2,000 \$.2	-	-	2,000 \$.1	13,000 \$2.5	34,000 \$4.9	2.2 1.3		
TOTALS	Reporting	85,000	289,000	548,000	1,562,000	1,976,000	1,901,000	767,000	833,000	7,961,000	100.0		
	Percent	1.1	3.6	6.9	19.6	24.8	23.9	9.6	10.5	-	100.0		
	Not Reporting	127,000	125,000	125,000	236,000	242,000	223,000	103,000	360,000	1,541,000	100.0		
	Percent	8.3	8.1	8.1	15.3	15.7	14.5	6.7	23.3	-	100.0		
	Tax Owed	\$17.2	\$28.6	\$37.1	\$77.6	\$76.6	\$67.7	\$21.7	\$62.6	\$389.2	100.0		
	Percent	4.4	7.4	9.5	19.9	19.7	17.4	5.6	16.1	-	100.0		

Note: Amounts shown for taxes owed are in millions of dollars.

CHART 18
SOCIAL SECURITY INSURED STATUS
AT THE END OF 1972

Insured Status	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability (millions)
Fully and permanently insured and eligible for disability	6,152,000	77.3	506,000	32.8	\$148.5
Fully, but not permanently, insured and eligible for disability	774,000	9.7	184,000	11.9	49.9
Fully and permanently insured but not eligible for disability	344,000	4.3	252,000	16.3	65.3
Fully, but not permanently, insured and not eligible for disability	233,000	2.9	188,000	12.2	54.6
Currently insured only	85,000	1.1	11,000	.7	2.9
Transitionally insured only	4,000	-	4,000	.3	.5
Special age-72 coverage only	7,000	.1	29,000	1.9	4.1
Not insured	324,000	4.1	334,000	21.7	58.5
Unknown	38,000	.5	34,000	2.2	4.9
TOTALS	7,961,000	100.0	1,541,000	100.0	\$389.2
					100.0

CHART 19
MARCH 1973 MARITAL STATUS

Marital Status	Reporting		Not Reporting	
	Number	Percent	Percent	Tax Liability (millions) \$ 51.7
Single	581,000	7.3	16.6	13.3
Married, spouse present	6,700,000	84.2	60.4	64.7
Married, separated	68,000	.9	3.7	3.2
Married, spouse absent, other	40,000	.5	2.1	1.8
Widow	342,000	4.3	12.1	9.6
Divorced	230,000	2.9	5.0	7.4
TOTALS	7,961,000	100.0	100.0	\$389.2

CHART 20
TYPE OF SOCIAL SECURITY BENEFIT CLAIMED

Type Claim	Reporting		Not Reporting		
	Number	Percent	Number	Percent	Tax Liability (millions) \$ 52.5
Retired	973,000	12.2	314,000	20.4	13.5
Disabled	86,000	1.1	29,000	1.9	1.4
Survivor	34,000	.4	74,000	4.8	2.6
Special age-72	3,000	-	8,000	.5	.4
No benefit claim or unknown	6,864,000	86.2	1,116,000	72.4	319.9
TOTALS	7,961,000	100.0	1,541,000	100.0	\$389.2
					100.0

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APPENDIX III

APPENDIX III

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CHART 1
 TWENTY-FIVE OCCUPATIONS WITH THE LARGEST
 NUMBER OF SELF-EMPLOYED NOT REPORTING IN 1972

Occupation of Longest Civilian Job	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
Farmers (owners and tenants)	446,000	\$ 92.4	277,000	62.1	\$ 72.5	169,000	37.9	\$ 19.8
Managers and administrators, n.e.c.	183,000	65.3	81,000	44.4	29.0	102,000	55.6	36.3
Child care workers, exc. private household	68,000	7.8	51,000	75.2	6.2	17,000	24.8	1.6
Restaurant, cafeteria, and bar managers	48,000	19.7	13,000	28.0	3.3	35,000	72.0	16.4
Carpenters	46,000	15.4	14,000	30.9	6.3	31,000	69.1	9.1
Painters, construction, and maintenance	44,000	8.2	20,000	45.6	3.3	24,000	54.4	4.9
Newsboys	43,000	4.4	2,000	5.3	.2	40,000	94.7	4.2
Automobile mechanics	31,000	9.1	11,000	33.9	3.1	21,000	66.1	6.0
Hairdressers and cosmetologists	27,000	5.4	12,000	43.0	1.0	16,000	57.0	4.4
Gardeners and groundskeepers, exc. farm	25,000	4.7	16,000	66.1	3.1	8,000	33.9	1.6
Sales clerks, retail trade	22,000	5.1	8,000	37.0	1.1	14,000	63.0	4.0
Dressmakers and seamstresses, except factory	22,000	3.8	6,000	27.9	.3	16,000	72.1	3.5
Truck drivers	21,000	6.6	5,000	25.5	.9	16,000	74.5	5.7
Teachers, except college and university, n.e.c.	20,000	6.0	10,000	49.1	.9	10,000	50.9	3.1
Registered nurses	19,000	8.7	11,000	56.6	4.7	8,000	43.4	4.0
Insurance agents, brokers, and underwriters	18,000	3.8	7,000	40.1	1.1	11,000	59.9	2.7
Real estate agents and brokers	17,000	5.3	12,000	69.5	3.2	5,000	30.5	2.1
Bookkeepers	17,000	5.9	15,000	89.3	5.7	2,000	10.7	.2
Plumbers and pipe fitters	15,000	3.2	3,000	18.6	.8	12,000	81.4	2.4
Demonstrators (sales)	15,000	2.5	9,000	64.8	2.3	5,000	35.2	.3
Janitors and sextons	14,000	3.7	9,000	67.8	2.6	4,000	32.2	1.0
Sales representatives, whole-sale trade	13,000	4.7	5,000	39.6	1.4	8,000	60.4	3.3
Child care workers, private household	12,000	1.3	5,000	43.3	.8	7,000	56.7	.5
Roofers and slaters	12,000	3.1	2,000	16.5	.2	10,000	83.5	2.9
Brickmasons and stonemasons	12,000	3.8	4,000	33.4	1.5	8,000	66.6	2.3
All Others	332,000	89.3	152,000	45.7	33.7	180,000	54.3	55.6
TOTALS	1,541,000	\$389.2	762,000	49.4	189.2	779,000	50.6	200.0
								51.4

Note: The occupation groupings are based on the classification in the 1970 Census of Population (n.e.c. = Not elsewhere classified).

CHART 2
 TWENTY-FIVE INDUSTRIES WITH THE LARGEST
 NUMBER OF SELF-EMPLOYED NOT REPORTING IN 1972

Industry of Longest Civilian Job	Total Number	Social Security Tax		Filing Tax Return			Not Filing Tax Return			
		Liability (millions)	Number	Individuals		Liability Amount (millions)	Percent	Individuals		
				Percent	Number			Percent	Number	
Agricultural production	447,000	\$ 93.8	278,000	62.2	\$ 74.0	78.9	169,000	37.8	\$ 19.8	21.1
Special trade contractors	157,000	44.5	57,000	36.1	15.0	33.7	100,000	63.9	29.5	66.3
Lodging places except hotels and motels	67,000	9.1	51,000	75.1	7.4	82.1	17,000	24.9	1.6	17.9
Direct selling establishments	61,000	8.7	13,000	21.0	2.4	27.7	48,000	79.0	6.3	72.3
Eating and drinking places	59,000	21.7	21,000	36.6	5.0	23.1	37,000	63.4	16.7	76.9
Real estate, incl. real estate - insurance - law - offices	40,000	14.1	33,000	82.7	11.2	79.4	7,000	17.3	2.9	20.6
Automobile repair and related services	39,000	11.0	12,000	31.1	3.3	30.3	27,000	68.9	7.7	69.7
General building contractors	32,000	14.4	18,000	56.6	7.9	54.9	14,000	43.4	6.5	45.1
Trucking service	31,000	9.0	9,000	28.7	1.4	15.3	22,000	71.3	7.7	84.7
Horticultural services	28,000	6.4	18,000	65.2	4.4	68.1	10,000	34.8	2.0	31.9
Gasoline service stations	26,000	8.1	3,000	13.0	1.0	12.4	23,000	87.0	7.1	87.6
Beauty shops	26,000	5.2	10,000	39.8	.8	15.4	16,000	60.2	4.4	84.6
Miscellaneous retail stores	24,000	6.4	18,000	75.8	4.7	72.8	6,000	24.2	1.7	27.2
Health services, n.e.c.	23,000	9.3	13,000	56.6	4.8	51.3	10,000	43.4	4.5	48.7
Insurance	22,000	4.6	11,000	51.4	1.9	41.1	11,000	48.6	2.7	58.9
Dressmaking shops	22,000	3.8	6,000	27.9	.3	7.2	16,000	72.1	3.5	92.8
Grocery stores	19,000	6.7	4,000	20.3	1.0	14.4	15,000	79.7	5.7	85.6
Educational services, n.e.c.	18,000	5.6	8,000	44.9	.5	8.4	10,000	55.1	5.1	91.6
Miscellaneous professional and related services	18,000	8.9	9,000	53.8	5.8	65.5	8,000	46.2	3.1	34.5
Miscellaneous personal services	17,000	1.7	13,000	76.2	1.4	85.1	4,000	23.8	.2	14.9
Miscellaneous repair services	15,000	4.0	5,000	32.7	.7	18.9	10,000	67.3	3.2	81.1
Personal services - private households	14,000	1.4	5,000	38.0	.8	54.6	9,000	62.0	.6	45.4
Personal services - hotels and motels	13,000	1.5	2,000	12.1	.8	56.6	12,000	87.9	.6	43.4
Theaters and motion pictures	12,000	2.4	5,000	41.2	1.5	62.7	7,000	58.8	.7	37.3
Food and related products	11,000	4.6	7,000	59.7	2.5	54.2	4,000	40.3	2.1	45.8
All Others	299,000	82.6	131,000	43.9	28.9	34.9	168,000	56.1	53.7	65.1
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	48.6	779,000	50.6	200.0	51.4

Note: The industry groupings are based on the classification system used in the 1970 Census of Population (n.e.c. = Not elsewhere classified).

CHART 3
SELF-EMPLOYMENT EARNINGS

Self-Employment Earnings	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
\$ 400 - 999	363,000	\$ 16.5	158,000	43.5	\$ 7.4	205,000	56.5	\$ 9.1
1,000 - 1,999	288,000	28.9	138,000	48.0	13.9	149,000	52.0	15.0
2,000 - 3,999	279,000	57.3	160,000	57.3	32.6	119,000	42.7	24.7
4,000 - 5,999	178,000	62.1	91,000	51.2	30.9	87,000	48.8	31.2
6,000 - 8,999	196,000	89.2	110,000	56.2	47.7	86,000	43.8	41.4
9,000 - 11,999	112,000	59.8	46,000	41.4	21.8	66,000	58.6	38.0
12,000 - 14,999	52,000	31.0	21,000	40.3	11.8	31,000	59.7	19.2
15,000 - 19,999	24,000	14.4	15,000	60.5	9.2	10,000	39.5	5.2
20,000 - 24,999	14,000	9.3	2,000	11.9	1.1	13,000	88.1	8.1
25,000 - 34,999	16,000	9.9	11,000	68.7	7.2	5,000	31.3	2.7
35,000 - 49,999	11,000	6.7	9,000	86.1	5.7	1,000	13.9	1.0
50,000 and over	7,000	4.3	-	-	-	7,000	100.0	4.3
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 4
TOTAL MONEY INCOME

Total Money Income	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
\$ 400 - 999	177,000	\$ 7.8	62,000	35.1	\$ 3.0	115,000	64.9	\$ 4.8
1,000 - 1,999	191,000	15.7	88,000	46.0	7.9	103,000	54.0	7.8
2,000 - 3,999	362,000	50.4	161,000	44.4	22.2	201,000	55.6	28.2
4,000 - 5,999	230,000	56.4	118,000	51.5	25.3	112,000	48.5	31.1
6,000 - 8,999	273,000	102.6	171,000	62.7	57.3	102,000	37.3	45.3
9,000 - 11,999	143,000	68.4	70,000	48.8	28.3	73,000	51.2	40.1
12,000 - 14,999	45,000	24.8	15,000	33.8	6.3	30,000	66.2	18.5
15,000 - 19,999	55,000	26.1	43,000	78.2	20.8	12,000	21.8	5.3
20,000 - 24,999	23,000	12.8	8,000	35.9	3.8	14,000	64.1	9.1
25,000 - 34,999	13,000	6.5	9,000	65.3	3.8	5,000	34.7	2.7
35,000 - 49,999	17,000	10.4	14,000	78.7	8.6	4,000	21.3	1.8
50,000 and over	11,000	7.3	3,000	25.9	2.0	8,000	74.1	5.3
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 5
AGE ON MARCH 17, 1973

Age	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
Less than 21	127,000	\$ 17.2	44,000	34.6	\$ 7.8	83,000	65.4	\$ 9.4
21 - 25	125,000	28.6	83,000	66.7	16.0	42,000	33.3	12.6
26 - 30	125,000	37.1	65,000	52.3	18.6	60,000	47.7	18.4
31 - 35	140,000	46.5	77,000	55.0	21.0	63,000	45.0	25.5
36 - 40	96,000	3.1	46,000	47.9	13.6	50,000	52.1	17.5
41 - 45	99,000	31.0	38,000	38.5	10.7	61,000	61.5	20.3
46 - 50	143,000	45.6	60,000	42.2	20.8	83,000	57.8	24.8
51 - 55	120,000	38.0	65,000	54.5	17.6	55,000	45.5	20.5
56 - 60	103,000	29.7	40,000	38.8	10.3	63,000	61.2	19.4
61 - 65	103,000	21.7	55,000	53.8	12.9	48,000	46.2	8.8
Over 65	360,000	62.6	186,000	51.9	39.8	173,000	48.1	22.8
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 6
HOW 1972 HOUSEHOLDS WERE INTERVIEWED
FOR THE CURRENT POPULATION SURVEY

Type Interview	Total Number	Social Security Tax Liability (millions)	Filing Tax Return				Not Filing Tax Return			
			Individuals		Liability		Individuals		Liability	
			Number	Percent	Amount (millions)	Percent	Number	Percent	Amount (millions)	Percent
Personal interview	1,016,000	\$238.6	499,000	49.1	\$121.7	51.0	517,000	50.9	\$116.9	49.0
Regular telephone	374,000	104.8	199,000	53.1	51.0	48.7	176,000	46.9	53.8	51.3
Telephone callback	142,000	44.6	59,000	41.6	15.8	35.5	83,000	58.4	28.8	64.5
Follow-up interview schedule returned	4,000	.7	4,000	100.0	.7	100.0	-	-	-	-
Unknown	4,000	.6	-	-	-	-	4,000	100.0	.6	100.0
TOTALS	1,542,000	\$389.2	762,000	49.4	\$189.2	48.6	779,000	50.6	\$200.0	51.4

CHART 7
RESIDENCE

Census Region	Total Number	Social Security Tax Liability (millions) \$	Filing Tax Return			Not Filing Tax Return		
			Individuals		Liability Amount (millions) \$	Individuals		Liability Amount (millions) \$
			Number	Percent		Number	Percent	
Northeast	248,000	\$ 70.4	123,000	49.7	\$ 31.5	125,000	50.3	\$ 39.0
North Central	460,000	107.0	255,000	55.4	63.6	205,000	44.6	43.4
South	571,000	138.2	255,000	44.7	61.3	316,000	55.3	76.9
West	261,000	73.6	128,000	48.9	32.8	133,000	51.1	40.7
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 8
HOUSING

Housing	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
Owled or being bought	1,129,000	\$277.9	628,000	55.6	\$161.0	502,000	44.4	\$116.9
Rented for cash	330,000	94.4	113,000	34.4	22.9	217,000	65.6	71.5
Occupied without payment of cash rent	57,000	7.2	14,000	24.2	2.8	43,000	75.8	4.4
Unknown	25,000	9.7	7,000	27.1	2.5	18,000	72.9	7.3
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0

CHART 9
WEEKS WORKED IN 1972 AS A CIVILIAN

Number Of Weeks	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
1 to 13	72,000	\$ 8.8	36,000	50.0	\$ 6.0	36,000	50.0	\$ 2.8
14 to 26	191,000	40.2	104,000	54.2	23.0	88,000	45.8	17.2
27 to 39	145,000	34.5	76,000	52.3	14.8	69,000	47.7	19.7
40 to 47	138,000	35.7	58,000	42.0	15.4	80,000	58.0	20.4
48 to 49	32,000	8.2	18,000	56.6	4.7	14,000	43.4	3.5
50 to 52	962,000	261.8	470,000	48.8	125.4	492,000	51.2	136.3
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 10
WORK STATUS IN 1972

Status	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
Full-Year: Full-Time	688,000	\$219.9	341,000	49.6	\$102.5	347,000	50.4	\$117.3
Part-Time	274,000	41.9	129,000	47.0	22.9	145,000	53.0	19.0
Sub Total	962,000	\$261.8	470,000	48.8	\$125.4	492,000	51.2	\$136.3
Part-Year: Full-Time	310,000	\$ 82.2	152,000	49.2	\$ 39.0	158,000	50.8	\$ 43.2
Part-Time	269,000	45.3	139,000	51.9	24.8	129,000	48.1	20.4
Sub Total	579,000	\$127.5	291,000	50.4	\$ 63.8	287,000	49.6	\$ 63.6
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 11
REASON WORKED AS A CIVILIAN ONLY PART-YEAR IN 1972

Reason	Total Number	Social Security Tax Liability (millions) \$ 24.9	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions) \$ 12.2	Individuals Number	Percent	Liability Amount (millions) \$ 12.7
Looking for work	85,000		42,000	48.9		44,000	51.1	
Ill	135,000	31.2	67,000	50.0	15.7	67,000	50.0	15.5
Keeping house*	126,000	20.5	86,000	68.4	15.1	40,000	31.6	5.3
In school	63,000	8.6	24,000	38.7	3.2	39,000	61.3	5.3
Retired	57,000	10.7	31,000	54.2	5.5	26,000	45.8	5.2
Other	113,000	31.5	42,000	36.7	12.0	72,000	63.3	19.5
Not applicable	962,000	261.8	470,000	48.8	125.4	492,000	51.2	136.3
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

*Females only

CHART 12
YEARS OF SCHOOL COMPLETED

Years Completed	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Individuals Percent	Liability Amount (millions)	Individuals Number	Individuals Percent	Liability Amount (millions)
None	12,000	\$ 3.7	2,000	16.4	\$.7	10,000	83.6	\$ 3.0
Elementary: 1 to 8	481,000	100.0	202,000	42.0	49.5	279,000	58.0	50.6
High school: 1 to 4	755,000	204.2	365,000	48.3	90.1	390,000	51.7	114.2
College: 1 to 5 or more	293,000	81.2	192,000	65.7	49.0	101,000	34.3	32.2
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 13
SOCIAL SECURITY TAXES PAID 1937-1972

Taxes Paid	Total Number	Social Security Tax Liability ^{1/} (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability ^{1/} Amount (millions)	Individuals Number	Percent	Liability ^{1/} Amount (millions)
None	135,000	\$ 18.2	34,000	25.5	\$ 5.9	100,000	74.5	\$ 12.3
\$ 1 - 999	591,000	127.7	288,000	48.7	58.3	303,000	51.3	69.4
1,000 - 1,999	295,000	87.5	150,000	50.7	45.7	146,000	49.3	41.8
2,000 - 2,999	152,000	50.3	86,000	56.7	26.3	66,000	43.3	24.0
3,000 - 4,999	227,000	73.0	127,000	55.9	37.0	100,000	44.1	36.0
5,000 - 6,999	73,000	21.2	44,000	60.1	10.5	29,000	39.9	10.7
7,000 - 9,499	34,000	6.3	29,000	84.5	4.9	5,000	15.5	1.3
Unknown	34,000	4.9	4,000	10.9	.5	30,000	89.1	4.5
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
					48.6			51.4

^{1/}Tax liability is shown for 1972 only.

CHART 14
SELF-EMPLOYMENT QUARTERS OF COVERAGE 1951-1972
FOR THE SELF-EMPLOYED NOT REPORTING IN 1972

Self-Employment Quarters Of Coverage	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
None	949,000	\$223.7	477,000	50.3	\$112.8	472,000	49.7	\$110.9
1 to 4	110,000	30.4	45,000	40.7	10.9	65,000	59.3	19.5
5 to 9	75,000	19.1	35,000	47.4	8.1	39,000	52.6	11.0
10 to 19	83,000	25.4	40,000	47.4	10.0	44,000	52.6	15.4
20 to 29	72,000	21.0	31,000	43.3	6.9	41,000	56.7	14.1
30 to 39	43,000	14.1	28,000	64.8	10.1	15,000	35.2	4.0
40 to 49	50,000	14.8	28,000	55.9	7.2	22,000	44.1	7.7
50 to 59	54,000	15.8	25,000	46.1	8.7	29,000	53.9	7.1
60 and Over	71,000	19.8	49,000	69.0	13.9	22,000	31.0	5.9
Unknown	34,000	4.9	4,000	10.9	.5	30,000	89.1	4.5
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 15
TOTAL QUARTERS OF COVERAGE 1937-1972 FOR
THE SELF-EMPLOYED NOT REPORTING IN 1972

Total Quarters Of Coverage	Total Number	Social Security Tax Liability (millions) \$	Filing Tax Return			Not Filing Tax Return		
			Individuals		Liability	Individuals		Liability
			Number	Percent	Amount (millions) \$	Number	Percent	Amount (millions) \$
None	128,000	22.3	35,000	27.5	7.3	93,000	72.5	15.0
1 to 4	87,000	8.6	31,000	35.7	3.6	56,000	64.3	5.0
5 to 9	117,000	27.8	70,000	59.6	16.3	47,000	40.4	11.6
10 to 19	207,000	45.9	116,000	55.9	24.6	91,000	44.1	21.3
20 to 29	131,000	33.9	77,000	58.7	16.6	54,000	41.3	17.3
30 to 39	173,000	51.8	77,000	44.3	20.1	96,000	55.7	31.6
40 to 49	117,000	28.6	63,000	53.9	16.5	54,000	46.1	12.1
50 to 59	138,000	40.5	75,000	54.3	22.7	63,000	45.7	17.8
60 and Over	409,000	124.9	214,000	52.5	61.1	194,000	47.5	63.8
Unknown	34,000	4.9	4,000	10.9	.5	30,000	89.1	4.5
TOTALS	1,541,000	389.2	762,000	49.4	189.2	779,000	50.6	200.0
					48.6			51.4

CHART 16
1972 SOCIAL SECURITY BENEFITS ACCRUED

Benefit Amounts	Total Number	Social Security Tax Liability (millions) \$	Filing Tax Return			Not Filing Tax Return		
			Individuals		Liability Amount (millions) \$	Individuals		Liability Amount (millions) \$
			Number	Percent		Number	Percent	
\$ 1 - 499	9,000	1.2	4,000	46.4	.4	5,000	53.5	.8
500 - 999	76,000	8.9	31,000	40.5	4.8	45,000	59.5	4.0
1,000 - 1,499	145,000	24.6	74,000	50.6	16.6	72,000	49.4	8.1
1,500 - 1,999	98,000	17.9	62,000	63.9	13.8	35,000	36.1	4.1
2,000 - 2,499	82,000	16.9	57,000	69.3	13.7	25,000	30.7	3.2
2,500 - 2,999	12,000	.8	11,000	91.7	.7	1,000	8.3	.1
3,000 - 3,499	4,000	.9	2,000	53.4	.3	2,000	46.6	.5
Not getting benefits or unknown								
	1,114,000	318.0	520,000	46.7	138.8	594,000	53.3	179.2
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4
								56.4

CHART 17
 NUMBER OF INDIVIDUALS AND SOCIAL SECURITY TAXES OWED FOR THE
 SELF-EMPLOYED IN 1972 NOT REPORTING FOR THOSE FILING OR NOT
 FILING A TAX RETURN BY AGE AND QUARTERS OF COVERAGE

Total Quarters Of Coverage	Income Tax Filing Category	Totals									
		Under 21	21-25	26-30	31-40	41-50	51-60	61-65	Over 65	Individuals	Taxes Owed
None	Filing Taxes Owed	7,000 \$1.1	2,000 \$.9	-	-	2,000 \$.4	3,000 \$.2	7,000 \$1.8	15,000 \$2.9	35,000	\$ 7.3
	Not Filing Taxes Owed	21,000 \$3.3	4,000 \$.3	4,000 \$1.4	4,000 \$.8	8,000 \$.8	16,000 \$3.9	6,000 \$.3	30,000 \$4.1	93,000	\$15.0
1 to 9	Filing Taxes Owed	23,000 \$4.9	17,000 \$2.3	7,000 \$1.0	7,000 \$1.2	9,000 \$2.7	23,000 \$5.6	3,000 \$.1	12,000 \$2.1	101,000	\$19.8
	Not Filing Taxes Owed	45,000 \$4.4	8,000 \$2.7	9,000 \$3.7	4,000 \$1.4	6,000 \$1.1	2,000 \$.5	9,000 \$1.3	20,000 \$1.4	103,000	\$16.6
10 to 19	Filing Taxes Owed	12,000 \$1.4	36,000 \$6.9	19,000 \$6.4	18,000 \$1.6	4,000 \$1.3	11,000 \$3.3	5,000 \$1.4	10,000 \$2.2	116,000	\$24.6
	Not Filing Taxes Owed	3,000 \$.1	20,000 \$5.9	5,000 \$.9	8,000 \$3.1	16,000 \$3.7	15,000 \$4.3	10,000 \$1.1	14,000 \$2.1	91,000	\$21.3
20 to 29	Filing Taxes Owed	2,000 \$.5	12,000 \$1.8	18,000 \$4.3	23,000 \$5.7	4,000 \$1.0	4,000 \$1.3	2,000 \$.1	11,000 \$1.8	77,000	\$16.6
	Not Filing Taxes Owed	-	8,000 \$3.2	5,000 \$1.5	12,000 \$6.0	8,000 \$2.3	7,000 \$.6	2,000 \$.8	13,000 \$3.0	54,000	\$17.3
30 to 39	Filing Taxes Owed	-	16,000 \$4.0	9,000 \$2.5	20,000 \$6.6	5,000 \$.8	3,000 \$.5	2,000 \$.6	21,000 \$4.9	77,000	\$20.1
	Not Filing Taxes Owed	-	-	21,000 \$5.3	25,000 \$8.5	24,000 \$9.9	13,000 \$5.6	2,000 \$.6	12,000 \$1.5	96,000	\$31.6
40 to 49	Filing Taxes Owed	-	-	9,000 \$3.8	7,000 \$2.8	5,000 \$.9	10,000 \$2.0	13,000 \$2.7	21,000 \$4.2	63,000	\$16.5
	Not Filing Taxes Owed	-	2,000 \$.6	13,000 \$5.0	10,000 \$3.2	3,000 \$.3	6,000 \$.6	2,000 \$.8	18,000 \$1.6	54,000	\$12.1

CHART 17 (continued)

Total Quarters Of Coverage	Income Tax Filing Category	Totals									
		Under 21	21-25	26-30	31-40	41-50	51-60	61-65	Over 65	Individual	Taxes Owed
50 to 59	Filing Taxes Owed	-	-	3,000 \$.6	19,000 \$7.3	11,000 \$4.1	13,000 \$4.8	5,000 \$.9	24,000 \$4.9	75,000	- \$22.7
	Not Filing Taxes Owed	-	-	-	19,000 \$7.6	22,000 \$6.6	7,000 \$2.4	3,000 \$.3	12,000 \$1.0	63,000	- \$17.8
60 and Over	Filing Taxes Owed	-	-	-	29,000 \$9.2	59,000 \$20.3	39,000 \$10.0	19,000 \$5.2	68,000 \$16.3	214,000	- \$61.1
	Not Filing Taxes Owed	-	-	-	28,000 \$12.1	56,000 \$20.4	52,000 \$21.9	13,000 \$3.3	45,000 \$6.1	194,000	- \$63.8
Unknown	Filing Taxes Owed	-	-	-	-	-	-	-	4,000 \$.5	4,000	- \$.5
	Not Filing Taxes Owed	14,000 \$1.6	-	3,000 \$.5	2,000 \$.2	-	-	2,000 \$.1	9,000 \$2.0	30,000	- \$4.4
TOTALS	Filing Taxes Owed	44,000 \$7.8	83,000 \$16.0	65,000 \$18.6	123,000 \$34.6	99,000 \$31.5	105,000 \$27.9	55,000 \$12.9	187,000 \$39.8	762,000	- \$189.2
	Not Filing Taxes Owed	83,000 \$9.4	42,000 \$12.6	60,000 \$18.4	113,000 \$43.1	144,000 \$45.1	117,000 \$39.8	48,000 \$8.8	173,000 \$22.8	779,000	- \$200.0

Note: Amounts shown for taxes owed are in millions of dollars.

CHART 18
SOCIAL SECURITY INSURED STATUS AT THE END OF 1972

Insured Status	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
Fully and permanently insured and eligible for disability	506,000	\$148.5	302,000	59.7	\$83.4	204,000	40.3	\$65.1
Fully but not permanently insured, and eligible for disability	184,000	49.9	105,000	57.4	24.5	78,000	42.6	25.3
Fully and permanently insured, and not eligible for disability	252,000	65.3	102,000	40.6	26.9	149,000	59.4	38.4
Fully but not permanently insured, and not eligible for disability	188,000	54.6	104,000	55.2	23.8	84,000	44.8	30.8
Currently insured only	11,000	2.9	2,000	19.8	1.1	9,000	80.2	1.8
Transitionally insured only	4,000	.5	2,000	51.4	.4	2,000	48.6	.1
Special age-72 coverage only	29,000	4.1	14,000	49.5	3.0	15,000	50.5	1.1
Not insured	334,000	58.5	126,000	37.7	25.6	208,000	62.3	32.9
Unknown	34,000	4.9	4,000	10.9	.5	30,000	89.1	4.5
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 19
MARCH 1973 MARITAL STATUS

Marital Status	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
Single	256,000	\$51.7	102,000	40.1	\$24.6	153,000	59.9	\$27.2
Married, spouse present	931,000	251.9	541,000	58.1	134.9	390,000	41.9	117.0
Married, separated	57,000	12.4	15,000	25.6	3.4	42,000	74.4	9.0
Married, spouse absent, other	33,000	7.0	2,000	6.8	.5	31,000	93.2	6.5
Widowed	187,000	37.3	81,000	43.6	18.4	105,000	56.4	19.0
Divorced	77,000	28.8	20,000	25.8	7.4	57,000	74.2	21.4
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

CHART 20
TYPE OF SOCIAL SECURITY BENEFIT CLAIMED

Type Claim	Total Number	Social Security Tax Liability (millions)	Filing Tax Return			Not Filing Tax Return		
			Individuals Number	Percent	Liability Amount (millions)	Individuals Number	Percent	Liability Amount (millions)
Retired	314,000	\$52.5	190,000	60.4	\$38.8	124,000	39.6	\$13.7
Disabled	29,000	5.3	16,000	54.6	3.7	13,000	45.4	1.6
Survivor	74,000	10.0	34,000	45.8	6.7	40,000	54.2	3.3
Special age-72	8,000	1.5	6,000	74.6	1.4	2,000	25.4	.1
No benefit claim or unknown	1,116,000	319.9	516,000	46.3	138.6	600,000	53.7	181.3
TOTALS	1,541,000	\$389.2	762,000	49.4	\$189.2	779,000	50.6	\$200.0
								51.4

REPORTS IN THE SERIESSTUDIES FROM INTERAGENCY DATA LINKAGESSome Observations on Linkage of Survey and Administrative Record Data, by Joseph Steinberg, August 1973.

This paper provides an introduction to, and an overview of, the linkage projects undertaken at SSA involving data from two administrative sources--IRS and SSA--and one survey source--CPS. Topics discussed briefly include confidentiality, project design, coverage differences among sources, matching difficulties, and actual versus "statistical" links of data.

Report No. 1: Subsampling the Current Population Survey: 1963 Pilot Link Study, by Frederick Scheuren, Benjamin Bridges, and Beth Kilss, August 1973.

This briefly describes procedures used in the 1963 Pilot Link Study for matching the March 1964 CPS to SSA and IRS sources. Many common items from the CPS and the Link subsample are compared, and several tables originally issued by the Bureau of the Census for income year 1963 are reproduced and duplicated from the Link.

Report No. 2: Coverages Differences, Noninterview Nonresponse, and the 1960 Census Undercount: 1963 Pilot Link Study, by Frederick Scheuren, Beth Kilss, and H. Lock Oh, December 1973.

This includes a discussion of limitations resulting from differences in coverage among the three Link sources: CPS, SSA, and IRS. Comparisons are made between interviewed and noninterviewed households on such variables as sex, age, education, marital status, control card income, and social security beneficiary status. CPS undercoverage and the undercount of individuals in the 1960 Census are both of particular concern here, and tables are provided to show the income distribution before and after adjusting for underenumeration.

Report No. 3: Administrative and Survey Information: Procedures and Results in the 1963 Pilot Link Study, by Frederick Scheuren, H. Lock Oh, and Wendy Alvey, 1979.

Methods employed in the 1963 Pilot Link Study to search for missing and misreported social security numbers are described. The search results are evaluated by comparisons to SSA and IRS administrative data. There is also a brief examination of reporting differences between survey and administrative sources for such variables as age, race, sex, wages, and self-employment earnings.

Report No. 4: Exact Match Research Using the March 1973 Current Population Survey--Initial Stages, by Frederick Scheuren, Roger Herriot, Linda Vogel, Denton Vaughan, Beth Kilss, Barbara Tyler, Cynthia Cobleigh, and Wendy Alvey, July 1975.

Methods employed during the initial stages of the 1973 Exact Match Study are presented in some detail and plans for later phases are discussed briefly. The papers focus on the nature of reporting social security numbers by respondents in the March 1973 CPS. Missing and misreported social security numbers are dealt with at length. The procedures used for validating numbers also are described and their implications considered. This collection of papers was originally presented in preliminary form at the 1974 American Statistical Association Meetings, Social Statistics Section.

Report No. 5: 1973 Current Population Survey--Summary Earnings Record Exact Match Codebook, Part I--Basic Information, by Frederick Scheuren, Denton Vaughan, and Wendy Alvey, June 1975.

Documentation is presented for the first general-use version of the computer files from the 1973 Exact Match Study being carried out jointly by the Census Bureau and SSA. Details are provided on the logical and physical structure of the data tapes. Included are brief descriptions and code counts for each item. Report No. 6 is a companion volume to this report.

Report No. 6: 1973 Current Population Survey--Summary Earnings Record Exact Match File Codebook, Part II--Supplemental Information, by Frederick Scheuren, Beth Kilss, and Cynthia Cobleigh, June 1975.

This report is a companion volume to Report No. 5 and, as such, provides additional documentation for the first general-use version of the computer files from the 1973 Exact Match Study. There is an overview of the procedures used to bring together Census and SSA data, and details on how each item on the file was derived.

Report No. 7: 1964 Current Population Survey--Administrative Record Pilot Link File Codebook, by Beth Kilss, H. Lock Oh, and Frederick Scheuren, March 1977.

Documentation is presented for a general-use version of the computer files from the 1963 Pilot Link Study, which was carried out jointly by the Census Bureau, IRS, and SSA. Provided here are details on the logical and physical structure of the data tapes. Included in the basic information are brief descriptions and code counts for each item. The file has been documented and organized so that it can be used to provide a historical dimension to analyses done with the 1973 Exact Match Study.

Report No. 8: 1973 Current Population Survey--Administrative Record Exact Match File Codebook, Part I--Code Counts and Item Definitions, by Faye Aziz, Beth Kilss, and Frederick Scheuren, March 1978.

Documentation is presented on the complete general-us. data set from the 1973 Exact Match Study. Details are provided on the logical and physical structure of the computer tapes. Included are brief descriptions and code counts for each item taken from the basic sources: the March 1973 CPS, IRS individual income tax returns for 1972, SSA earnings records for 1937-72 and benefit records for 1971-73.

Report No. 9: 1973 Current Population Survey--Administrative Record Exact Match File Codebook, Part II--Companion Data Sets and Other Supplementary Information, by Linda DelBene and Faye Aziz with Emmett Spiers, Henry Ezell, Harry Stamer, Richard Wehrly, Peter Cook, and Henry Copeland, February 1979.

Documentation is provided on three data sets that may be of value to researchers using any of the basic files from the 1973 Exact Match Study. The companion files are:

1. An extract of selected income and food stamp questions from the June 1973 CPS.
2. A longitudinal extract from Social Security earnings records for the period 1937-76.
3. A version of the 1972 Individual Income Tax Model sample with selected SSA demographic information added.

The first two of these files can be linked directly to the complete Exact Match Study data set documented in Report No. 8. The third file can be used in parallel with the Exact Match information and matched "statistically" if desired.

Report No. 10: Methods of Estimation for the 1973 Exact Match Study by H. Lock Oh and Frederick Scheuren, with Clarise Lancaster and Robert Yuskavage, June 1979.

A full discussion is provided of the methods researchers should use in making estimates with the data sets created as part of the 1973 Exact Match Study. Adjustments required to "correct" for coverage and matching errors are treated in detail.

Report No. 11: Some Preliminary Results From the 1973 CPS-IRS-SSA Exact Match Study, compiled, edited, and introduced by Beth Kilss and Frederick Scheuren, September 1979.

This includes a collection of papers presented at various professional meetings over the last several years. Provided here are preliminary research results from comparisons made among the matched CPS, IRS, and SSA sources. Other early results from some Exact Match research include an evaluation of SSA estimation procedures and an examination of the size of wage differentials between men and women. Additional papers are presented from related research covering such topics as statistical versus exact matching, and methods of interpolation.

PAPERS, ARTICLES, AND REPORTSFROM THE EXACT MATCH STUDY 1/

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1/This list may not be all inclusive. It is provided to show some work done through the use of the Exact Match Study.

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ESTIMATE OF SELF-EMPLOYED NOT REPORTING OR MISREPORTINGSELF-EMPLOYMENT EARNINGS IN 1973 AND 1976AND ESTIMATED SOCIAL SECURITY TAX EFFECT

<u>Category</u>	<u>1973</u>		<u>1976</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	<u>—(millions)—</u>			
Filed tax return but did not report any self-employment earnings (note a)	1.3	\$254	1.6	\$339
Filed tax return but underreported self-employment earnings (note a)	2.5	317	3.1	449
Did not file tax return and did not report any self-employment earnings (note b)	.8	212	.8	272
Total self-employed not reporting or underreporting self-employment earnings	4.6	783	5.5	1,060
Filed tax return but overreported self-employment earnings (note a)	.5	46	.6	64
Total self-employed not reporting or misreporting self-employment earnings	5.1	\$829	6.1	\$1,124

a/ Based on IRS tax compliance experience for 1973 and 1976.

b/ Based on 1972 Exact Match File data adjusted for dollar values in later years.